

**Before the
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety**

In the Matter of)	
)	
Distrigas of Massachusetts LLC)	CPF No. 1-2018-3003M
)	Notice of Amendment
Respondent.)	
)	STATEMENT OF ISSUES

Pursuant to Chapter 601 of 49 United States Code, Distrigas of Massachusetts, LLC (Distrigas) was inspected by a Pipeline and Hazardous Materials Safety Administration (PHMSA) representative from July 17-21, 2017. The PHMSA inspection identified areas that were deemed as apparent inadequacies regarding Distrigas' maintenance procedures. PHMSA issued a Notice of Amendment (NOA) dated April 2, 2018 to specifically address inspection frequencies for relief valves and other equipment and truck load hose procedures, as well as the need for additional testing parameters to be added to both procedures.

Though there are portions of the NOA that Distrigas may not contest, without clarification Distrigas will not consent to the NOA as it stands. The premise behind PHMSA's intent is unascertainable and could result in the (unintended) consequences of adding unnecessary complexity to maintenance procedures and the possibility of negatively impacting the facility. Distrigas does not believe PHMSA intends such and believes open discussions would lead PHMSA to similar conclusions. The request for a hearing will enable those discussions without waiving Distrigas rights.

There appears, on the surface, to be a mechanism to consent and provide explanatory information that would enable an operator to amend their procedures in accordance with the spirit of the NOA while not meeting its requirements verbatim.¹ If a mechanism exists to postpone a hearing for an agreeable time period (60 days) to allow Distrigas and PHMSA to discuss the issues without waiving rights to a hearing, we welcome that option.

¹. This option is explained in *Response to Pipeline Operators in Enforcement Proceedings* (a copy was provided by PHMSA with the NOA) Paragraph II b. which states:

"If you are not contesting the Notice but wish to submit written explanations, information, or other materials you believe warrant modification of the Notice of Amendment in whole or in part, or you seek clarification of the terms of the Notice of Amendment, you may submit such materials. This authorizes PHMSA to make findings and issue an Order Directing Amendment;"

It has been our experience that PHMSA (within their rights and as a result of an operators not requesting a hearing) routinely issues an Order Directing Amendment after initial correspondence preempting further fact finding and discussion.

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Responses to NOA Issues identified by PHMSA

In accordance with the Procedure for Requesting a Hearing, as provided by PHMSA with the NOA, Distrigas provides the following Statement of Issues as itemized below:

NOA Items:

1. § 193.2605(b) Maintenance Procedures.

...

(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedure must include:

- (1) The details of the inspection or tests determined under paragraph (a) of this section and their frequency of performance; and**
- (2) A description of other actions necessary to maintain the LNG plant according to the requirements of this subpart.**

The NOA identified that Distrigas' procedures for relief valve testing were inadequate in that they did not include the proper frequency of performance. Specifically, the NOA states, Distrigas' Everett Marine Terminal Maintenance Procedure Manual-Relief Vavles-EMT-053M, dated 11/17/16 (Procedure) failed to state adequate inspection frequencies for relief valves in accordance with § 193.2619(c).

Section 193.2619(c) states:

"Control systems in service, but not normally in operation, such as relief valves and automatic shutdown devices, and control systems for internal shutoff valves for bottom penetration tanks must be inspected and tested once each calendar year, not exceeding 15 months, with the following exceptions:

- (1) Control systems used seasonally, such as for liquefaction or vaporization, must be inspected and tested before use each season.
- (2) Control systems that are intended for fire protection must be inspected and tested at regular intervals not to exceed 6 months."

During the inspection, the PHMSA inspector reviewed Distrigas' Relief Valve Procedure. The Procedure stated, "Relief Valves Equipment Inspection and Testing (PM) ... Annual inspection and test of all plant relief valves and semi-annual test of trailer/skid mounted dry chemical relief valves." The NOA indicates that the Procedure failed to include information such as:

- The proper inspection and testing frequency requirements for relief valves
- The proper inspection and testing frequency requirements for fire protection relief valves
- Testing requirements for seasonal liquefaction or vaporization equipment relief valves, if applicable

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Therefore, the NOA concluded that Distrigas failed to state the adequate inspection frequency for relief valves in its maintenance procedures, in accordance with § 193.2619(c).

Statement of Issue Regarding NOA Item 1:

With respect to Relief Valve Testing Frequency:

- 49 CFR 193.2605(b) does not give prescriptive requirements for procedure content. It is uncontested that 49 CFR 193.2605(b) details what must be tested and to what inspection frequencies must be followed; however, PHMSA gives operators the discretion to determine the details of the procedures. Distrigas has repeatedly asked PHMSA inspectors if they expect to see word for word regurgitation of the regulations and have been told to make the procedures specific to our needs as long as we can show we are compliant with the regulated aspects of 49 CFR 193. In fact, in the past Distrigas has received and complied with NOA that required removing regurgitated code language specific to response scheduling.
- The NOA cited procedure indicates test schedule of relief valves with the commonly used (and understood by a trained maintenance force) inspection frequency terms “Annually” and “Semiannually” as requiring amendment. It should be noted that despite PHMSA’s characterizing Distrigas’ inspection frequency wording as deficient, relief valves have been and continue to be scheduled, tested, and have their records retained compliant to and in accordance with the regulation’s requirements.
- Distrigas wishes to comply with the intent of the NOA for relief valve testing but sees no way to do so without regurgitating code language, i.e., “... shall be tested once each calendar year not to exceed 15 months between tests” and “... tested at regular intervals not to exceed 6 months.”

With Respect to testing requirements for seasonal liquefaction or vaporization equipment relief valves:

- The NOA indicates Distrigas’ procedures are deficient due to the lack of addressing schedule for testing systems listed in 193.2619(c) 1. Distrigas has no seasonal or liquefaction equipment and believes that including non-applicable procedures and language in maintenance procedures addressing the absence of equipment within a facility only serves the purpose of complicating the procedures and runs counter to their intent which is safe reliable maintenance of the facility.

2. § 193.2605(b) Maintenance Procedures.

(a) Each operator shall determine and perform, consistent with generally accepted engineering practice, the periodic inspections or tests needed to meet the applicable requirements of this subpart and to verify that components meet the maintenance standards prescribed by this subpart.

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(b) Each operator shall follow one or more manuals of written procedures for the maintenance of each component, including any required corrosion control. The procedure must include:

- (1) The detailed of the inspections or tests determined under paragraph (a) of this section and their frequency of performance; and**
- (2) A description of other actions necessary to maintain the LNG plant according to the requirements of this subpart.**

The NOA states that Distrigas' procedures for maintenance of hoses used in LNG or flammable refrigerant transfer systems were inadequate. Specifically, Distrigas' Truck Load Hoses - EMT-029M procedure, dated 09/24/2013 (Procedure) failed to include the proper maximum pump pressure or relief valve settings, per the requirements of § 193.2621. Section 193.2621 states:

"Hoses used in LNG or flammable refrigerant transfer systems must be: (a) Tested once each calendar year, but with intervals not exceeding 15 months, to the maximum pump pressure or relief valve setting ..."

During the inspection, the PHMSA inspector review Distrigas' Procedure. The Procedure stated, "Pressure test all Truck Load Liquid & Vapor Hoses at 165 psig for 10 minutes using nitrogen."

The NOA states Distrigas' Procedure failed to include the following information, but not limited to:

- Require testing of LNG or flammable refrigerant transfer hoses once each calendar year, but with intervals not exceeding 15 months
- Require testing of LNG or flammable refrigerant transfer hoses to the maximum pump pressure or relief valve setting

During the inspection, the PHMSA inspector asked Distrigas to explain the 165 psig, 10-minute pressure test and attributed the lack identifying the significance of the test parameters or determine which equipment these parameters were linked to as an inadequacy in the procedure. Therefore, the NOA concluded that Distrigas failed to include adequate procedures for its testing of transfer hoses, per the requirement of § 193 .2621.

Statement of Issue Regarding NOA Item 2:

With respect to the NOA's characterization of inadequate procedures due to the procedure lacking scheduling:

- Distrigas incorporates the same language as used for relief valve testing within procedure EMT - 029M. Please refer to *Regarding NOA Item 1* for this item, as well.

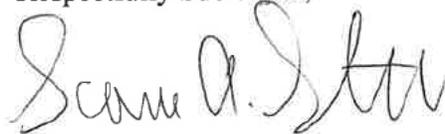
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With respect to the procedure requiring testing of LNG or flammable refrigerant transfer hoses to the maximum pump pressure or relief valve setting the procedure is wholly adequate:

- There can be disagreement on questions asked and answered during the inspection, but the explicit test parameters of the procedure meet the requirements of the regulation. Relief valves upstream of the hoses are set for and tested per the regulation at 150 psig. Distrigas procedures are used to perform required maintenance and include the proper parameters to enable a, safe, reliable and code compliant maintenance process system.

At the hearing in this matter, Distrigas intends to bring forth evidence in the form of documents and/or witness testimony, as well as to present its arguments, in support of the issues stated hear in. Distrigas reserves the rights to supplement this Statement of Issues at or before the hearing.

Respectfully Submitted,



Susan A. Stritter
Regulatory Compliance Manger
On behalf of Distrigas of Massachusetts LLC

Dated: April 30, 2018

CC: Robert Wilson, Chief Executive Officer
Jason Austin, VP and General Counsel
Anthony Scaraggi, VP of Operations

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